

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY OTTAWA

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E. O. 11652: N/ A

TAGS: ENRG, CA

SUBJECT: STATUS OF CANADIAN POLICY ON POSSIBLE TRANS-
CANADA PETROLEUM PIPELINE

1. AS THE EMBASSY IS AWARE, THE ADMINISTRATION IS SEEKING
LEGISLATION WHICH WOULD PERMIT EARLY FURTHER PROGRESS IN
THE CONSTRUCTION OF THE PROPOSED TRANS- ALASKA OIL PIPE-
LINE. OPPONENTS OF THE PROJECT, HOWEVER, HAVE ARGUED THAT
AN OIL PIPELINE UP THE MACKENZIE VALLEY WOULD BE A PREFER-
ABLE ALTERNATIVE.

2. TESTIFYING IN SUPPORT OF THE TRANS- ALASKA PIPELINE,
VARIOUS ADMINISTRATION SPOKESMEN, INCLUDING THE SECRETARY
OF THE INTERIOR AND THE UNDER SECRETARY OF STATE FOR
ECONOMIC AFFAIRS, HAVE ARGUED THAT THE STATE OF CONSIDERA-
TION BY THE CANADIAN GOVERNMENT OF A POSSIBLE CANADIAN
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OIL PIPELINE IS SUCH THAT, EVEN IF APPROVED IN PRINCIPLE, CONSTRUCTION COULD- NOT BEGIN FOR SEVERAL YEARS. WHILE NOT RULING OUT AN EVENTUAL- CANADIAN PIPELINE AS A SUPPLEMENT TO A TRANS- ALASKA PIPELINE, THE ADMINISTRATION' S POSITION IS THAT URGENT NEED FOR PRUDHOE BAY PETROLEUM REQUIRES US TO PROCEED AS SOON AS POSSIBLE WITH THE ALASKAN PROJECT. WHEN THIS PROJECT IS COMPLETED, IT WILL MEAN THAT OUR INCREASING RELIANCE ON INSECURE FOREIGN SOURCES WILL BE LESSENED BY 2,000,000 B/ D, AND HOPEFULLY

IT WILL LEAD TO GREATER OIL DISCOVERIES IN ALASKA.

3. IT IS APPARENT THAT SOME MEMBERS OF CONGRESS REMAIN UNPERSUADED BY THE ADMINISTRATION' S CASE.

4. IN THIS CONNECTION, THE DEPARTMENT URGENTLY REQUIRES YOUR CURRENT ASSESSMENT. ACCORDINGLY, THE EMBASSY SHOULD, AFTER CONSULTATION WITH THOSE CANADIAN OFFICIALS IT DEEMS APPROPRIATE, PROVIDE THE DEPARTMENT WITH ITS JUDGMENT ON THE FOLLOWING ELEMENTS OF THE PROBLEM, CITING WHERE POSSIBLE RECENT PUBLIC STATEMENTS BY CANADIAN AUTHORITIES:

(A) WHAT IS THE CURRENT STATUS OF RELEVANT CANADIAN ENVIRONMENTAL STUDIES? WHAT IS THE EXPECTED DATE OF THEIR COMPLETION?

(B) WHAT IS THE STATUS OF CONSIDERATION OF NATIVE CLAIMS? WHAT IS THE EXPECTATION AS TO TIME REQUIRED FOR THEIR SETTLEMENT?

(C) WHAT IS THE CANADIAN GOVERNMENT' S POSITION LIKELY TO BE WITH REGARD TO OWNERSHIP AND CONTROL?

(D) WHEN WILL THE CANADIAN GOVERNMENT BE READY TO GIVE ACTIVE CONSIDERATION TO PROPOSALS FROM THE PRIVATE SECTOR? WHAT WOULD THE PROCESS OF CONSIDERATION ENTAIL (E. G., PUBLIC HEARINGS AND A FINDING BY THE NATIONAL ENERGY BOARD PRIOR TO CONSIDERATION BY THE GOVERNMENT AND PARLIAMENT) AND HOW LONG A TIME WOULD IT LIKELY REQUIRE?

(E) ARE THERE SIGNIFICANT PROVINCIAL/ FEDERAL DIFFERENCES UNCLASSIFIED

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WHICH ARE LIKELY TO DELAY AN EVENTUAL CANADIAN DECISION? TO WHAT EXTENT WOULD DIFFERENCES OF VIEW BETWEEN EASTERN AND WESTERN CANADIANS (SUGGESTED IN NEWS ACCOUNTS OF DRAFT STUDY REPORTED OTTAWA 1223) OBSTRUCT OR DELAY DECISIONS?

(F) TO WHAT EXTENT DOES THE FACT OF THE CANADIAN GOVERN-

MENT'S MINORITY POSITION IN THE HOUSE OF COMMONS AFFECT
ITS CONSIDERATION OF A POSSIBLE PIPELINE?

(G) WHAT IS THE STATUS OF CANADIAN GOVERNMENTAL CONSIDERA-
TION OF A POSSIBLE MACKENZIE VALLEY GAS PIPELINE?

(H) WOULD ACTIVE CANADIAN CONSIDERATION OF A MACKENZIE
VALLEY OIL PIPELINE DELAY CONSIDERATION OF THE PROSPECTIVE
APPLICATION FOR A GAS PIPELINE? ARE THERE PROPONENTS IN
CANADA OF THE GAS PIPELINE WHO OPPOSE ENCOURAGEMENT OF
MACKENZIE VALLEY OIL PIPELINE ON THESE GROUNDS?

(I) ANY OTHER OBSERVATIONS THE EMBASSY DEEMS
RELEVANT. RUSH

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